

Comparison of Municipalities

CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET

(PROJ) BAL ON 6/30/08	10,123,881	5,967,528	45,018,080	468,804	27,062,192	7,918,152	2,271,752	98,830,389
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CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET

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CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET

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Fund Balance Projection (FY 2007/08)

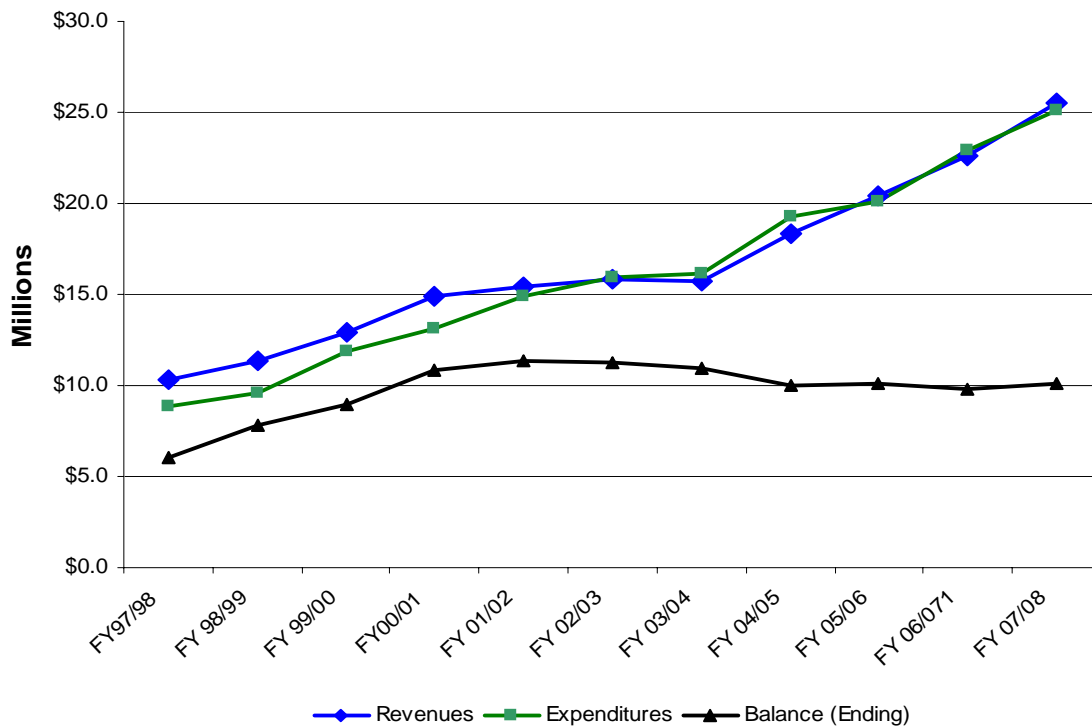
Fund Description		07/08 Fund Bal 07/01/07	07/08 Projected Revenue	07/08 Projected Transfer In	07/08 Projected Transfer Out	07/08 Projected Expenditure	07/08 Projected Bal 06/30/08
General Fund							
010	General Fund Undesignated	4,259,052	24,547,649	921,588	456,709	24,653,286	3,986,969
	General Fund Reserve	5,505,587	-	-	-	-	6,136,912
	Subtotal	9,764,639	24,547,649	921,588	456,709	24,653,286	10,123,881
Special Revenue Funds							
202	Street Fund	55,078	750,300	855,000	-	1,626,639	33,739
204/205	Supplemental Law Enforcement	94,955	103,005	-	175,000	861	22,099
206	Community Development Fund	2,371,692	2,932,837	-	14,391	3,887,408	1,402,730
207	General Plan Update Fund	554,728	130,186	109,949	-	138,920	655,942
210	Community Rec Centers Startup Fund	156,581	10,312	50,000	50,000	-	166,893
215	CDBG Fund	-	358,162	-	15,000	343,162	-
216	CDBG Revolving Loan Fund	75,934	11,184	-	-	30,000	57,118
225	Asset Seizure Fund	9,291	474	-	-	-	9,765
229	Lighting & Landscape Fund	16,983	152,743	-	-	144,823	24,903
232	Environmental Programs Fund	749,944	534,357	-	155,000	466,500	662,801
234	Mobile Home Park Rent Fund	15,673	2,354	-	-	1,868	16,159
235	Senior Housing Trust Fund	241,861	11,454	-	-	24,000	229,315
236	Housing Mitigation Fund	2,983,497	235,927	-	-	1,015,000	2,204,424
240	Employee Assistance Fund	35,777	5,252	-	-	30,000	11,029
247	Environment Remediation Fund	495,566	22,695	-	-	47,651	470,610
	Subtotal	7,857,560	5,261,242	1,014,949	409,391	7,756,832	5,967,528
Capital Project Funds							
301	Park Impact Fund	4,997,655	1,915,546	-	55,854	2,494,464	4,362,883
302	Park Maintenance Fund	4,209,484	405,502	-	286,655	-	4,328,332
303	Drainage Impact Fund	4,616,369	473,279	8,890	27,196	1,930,657	3,140,685
304	Drainage-Non AB1600 Fund	2,607,203	335,551	-	-	622,616	2,320,138
306	Open Space Fund	2,029,089	1,190,290	-	-	1,400,000	1,819,379
308	Street CIP	-	5,828,000	-	-	5,654,000	174,000
309	Traffic Impact Fund	4,245,826	3,769,920	-	14,391	3,724,152	4,277,203
311	Police Impact Fund	13,300	522,256	6,933	237,514	7,500	297,475
313	Fire Impact Fund	2,921,265	266,156	1,205	-	635,262	2,553,364
317	RDA Fund	7,026,047	45,872,757	-	15,291,347	24,062,617	13,544,840
327/328	Housing	3,731,841	8,458,316	-	-	7,853,258	4,336,899
340	MH Bus Ranch AD CIP Fund	-	-	-	-	-	-
342	MH Bus Ranch II AD CIP Fund	26,450	652	-	-	-	27,102
346	Public Facilities (Non AB1600)	761,856	134,776	-	93,434	229,500	573,698
347	Public Facilities Impact Fund	1,817,722	566,770	1,871	-	7,870	2,378,493
348	Library Impact Fund	176,803	348,406	-	260,260	7,870	257,079
350	Undergrounding Fund	54,398	64,794	-	-	4,106	115,086
360	Community Rec. Centers Impact Fund	206,551	117,848	-	-	177,500	146,899
370	Civic Center Construction	1,764,524	-	-	-	1,400,000	364,524
	Subtotal	41,206,385	70,270,819	18,899	16,266,651	50,211,372	45,018,080
Debt Service Funds							
420	Civic Center Debt	141,095	-	333,694	-	333,694	141,095
441	Police Facility Bond Debt Service	66,080	25,594	449,837	-	451,738	89,774
545	Cochrane Business Park AD Fund	180,333	205,199	-	-	182,386	203,146
551	Joleen Way AD Fund	10,454	34,102	20,000	-	29,766	34,789
	Subtotal	397,962	264,894	803,531	-	997,583	468,804

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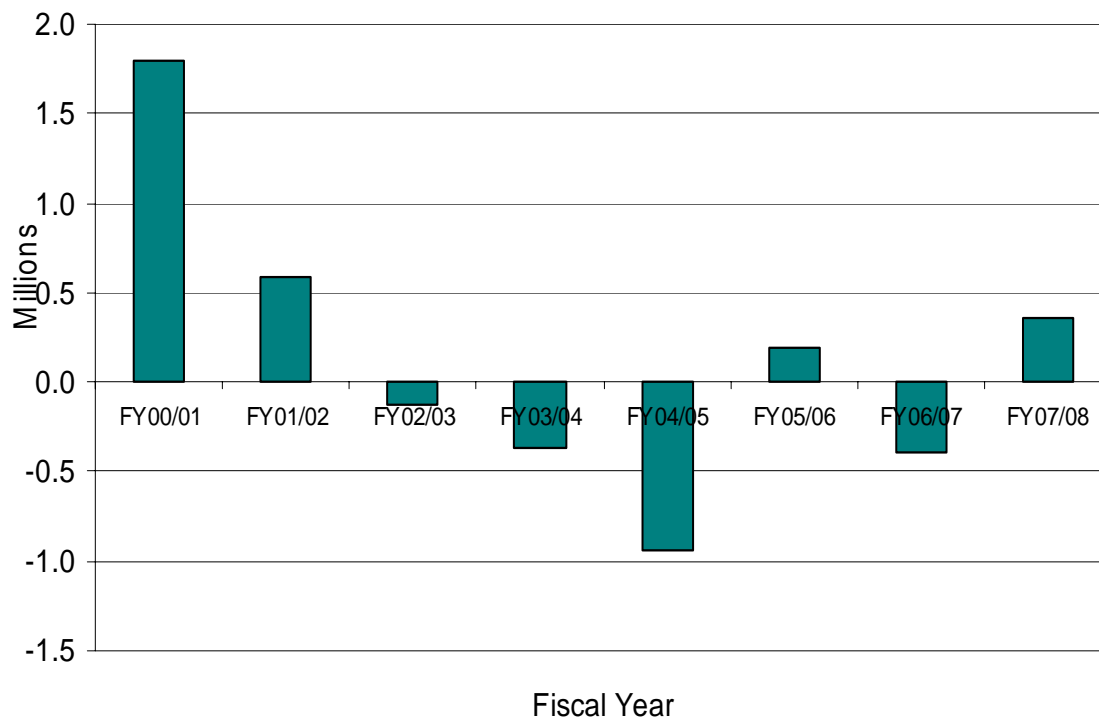
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General Fund Balance Chart

General Fund Balance Growth



General Fund Balance Gain (Loss)



Major Revenue Assumptions

General Fund (010)

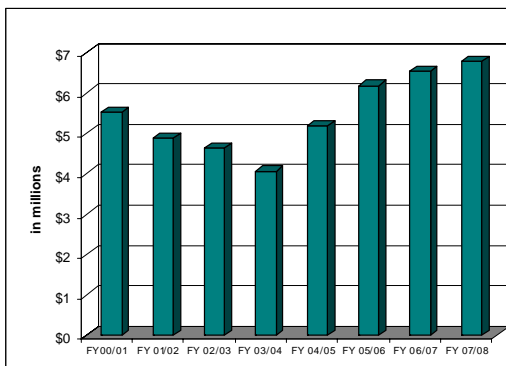
FY 2007/08 revenues for the General Fund, including transfers in, are estimated to be \$25.4 million. This represents an overall 12.8% increase over FY 2006/07 year-end projected revenues. The increase is primarily related to higher sales taxes, higher property taxes, and service fees of the various recreation facilities, such as the new Centennial Recreation Center (CRC). Service fees are estimated to increase by over 45%, reflecting the ramp up of activities at the CRC. Basic sales taxes are estimated to increase by 3.9%, or \$260,000. Current Year property taxes are estimated to increase 4.2%, or \$940,000. In general, the 2007/08 budget estimates reflect healthy growth as the local economy continues to recover.

Sales Tax

The sales tax is imposed on retailers for selling tangible personal property in California. The use tax is imposed on the user of a product purchased out-of-state and delivered for use in California. The sales and use tax rate for Santa Clara County is 8.25% and is broken down as follows:

Rate	Source
5.00%	State General Fund
1.00%	City Local Tax
0.25%	Countywide Transportation Tax
0.50%	County Mental Health
0.50%	Public Safety Augmentation Fund (Prop 172)
1.00%	County Tax (1996 Measure B and 2000 Measure A)
8.25%	Total Rate

The sales tax represents Morgan Hill's single largest revenue source at \$6,790,000 or 26.7% of total General Fund revenues projected for FY 2007/08. The FY 2007/08 projection includes opening Phase 1 of the DiNapoli Center.



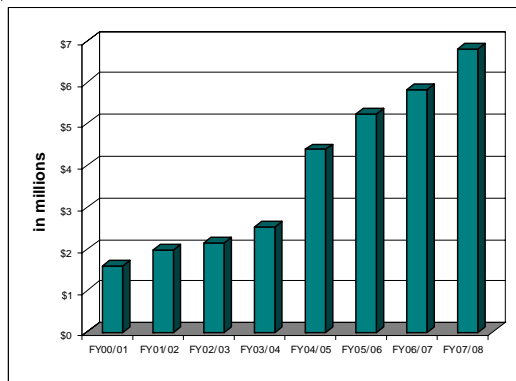
Property Tax

The property tax is imposed on real property (land and permanently attached improvements such as buildings) and tangible personal property (movable property) located within the State, based on the property value rather than on a fixed amount or benefit. Properties are distinguished as secured and unsecured (property for which the value of the lien is not sufficient to assure payment of the tax).

Article XIII A of the State Constitution limits the real property tax rate to 1% of the property's assessed value plus rates imposed to fund indebtedness approved by the voters. Morgan Hill's share of the 1% is equivalent to 15 cents for every \$1.00 collected from property taxes. With the passage of Prop 13 in 1978, assessed valuations are limited to a 2% increase each year.

Despite limited growth in the number of new jobs over the last three years, property values have continued to rise resulting in property tax growth. Most recently, growth has been attributable to construction of new homes and resale of existing residential properties. In spite of higher mortgage interest rates, sales of new homes and property turnover (which trigger reassessments) have remained relatively strong this past year.

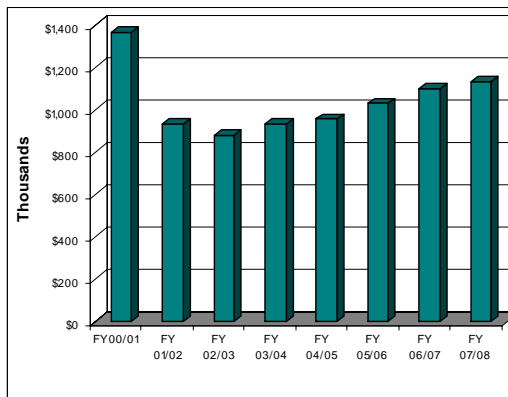
Major Revenue Assumptions (continued)



Property tax represents the General Fund's second largest revenue source projected at \$6,791,719 or 26.7% of the total General Fund revenue for FY 2007/08. Included in the total projected property tax revenue are the secured and unsecured taxes, supplemental taxes, Educational Revenue Augmentation Fund (ERAF) III shift property taxes and Redevelopment Agency (RDA) pass-thru. Also included in property taxes as of 2006/07 is the amount allocated by the State to offset the drop to the City in motor vehicle in-lieu fees.

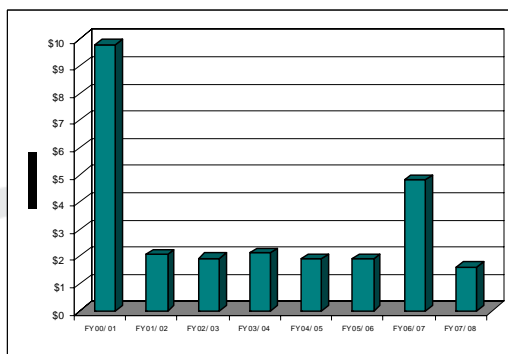
Transient Occupancy Tax

The transient occupancy tax (TOT) is imposed on persons staying 30 days or less in a hotel, inn, motel, tourist home or other lodging facility. The City's current rate is 10%. TOT revenue is projected at \$1,135,163 for FY 2007/08, which represents 4.5% of the total General Fund revenue. When the economy started to decline in early 2001, business travel and tourism also declined. The downward trend was exacerbated by the 9-11 events. Current year's trend indicates TOT revenue is still lagging behind FY 00/01 collections by 17%. Growth of 3% is projected in TOT revenue for the coming year.



Street Fund (202)

The Street Fund is a special revenue fund used to account for the receipt and disbursement of State and Federal gas tax and grant monies, and other monies that are to be used for the maintenance, repair, and design of streets. State gas tax funds are distributed to cities based on population from gas taxes collected at the point of sale. The use of gas tax funds is restricted to street expenditures by State and Federal legislation. In FY 2007/08, gas tax revenues are expected to increase 3% over the current year.



Beginning in fiscal year 2007/08, street capital project appropriations will be in fund 308, Street CIP. Grants received for street capital projects, make this fund fluctuate significantly.

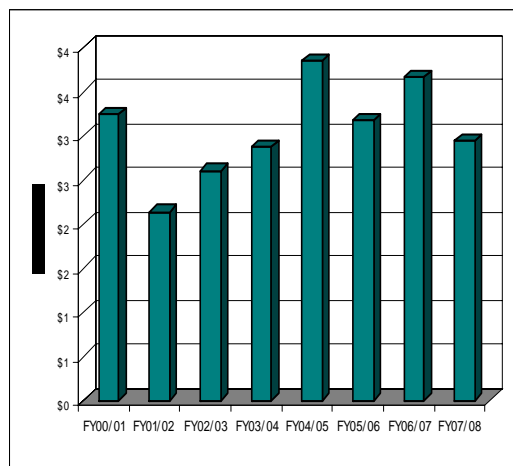
Community Development Fund (206)

The Community Development Fund is a special revenue fund used to account for the collection of planning, building, and engineering fees. The expenditures of these funds are restricted to the costs associated

Major Revenue Assumptions (continued)

with processing building, engineering and planning applications.

For FY 2007/08 staff projects revenues to be \$2,932,837, a 20% decrease over the FY 2006/07 year-end projection. Revenues collected are completely dependent on the level of development activity. The fluctuation clearly indicates the effects of the development cycle.



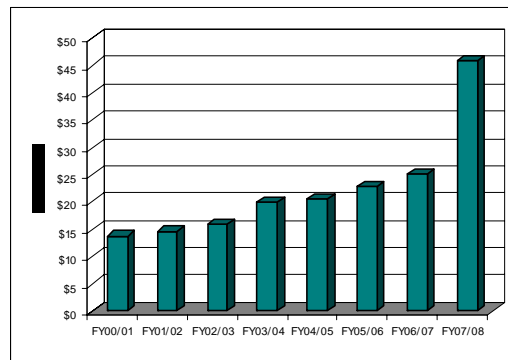
Redevelopment Agency Fund (317)

The Redevelopment Agency of the City of Morgan Hill has, as one of its primary goals, the rehabilitation and revitalization of blighted areas in residential neighborhoods and business districts. The Redevelopment Agency uses tax increment to fund various projects throughout the Agency area to improve the quality of life for City residents.

The projects provide residential and commercial improvements and develop underutilized and vacant lands, assist in providing affordable housing, assist in the business attraction and retention efforts through the Enterprise Zone and business rehabilitation programs, and provide community services such as housing and business counseling. In addition, the Redevelopment Agency provides financial assistance for many of the capital improvement projects to rehabilitate and construct the City's infrastructure such as

the streets, water and sewer lines, storm drains, and community facilities.

Over the next five years the RDA will realize \$100 million in debt proceeds that will support rehabilitation and revitalization. This increase results from citizen support and City Council approval to expand the borrowing capability of the RDA. The debt proceeds will be repaid over time using property taxes that increase as a result of planned development, housing and economic revitalization efforts.

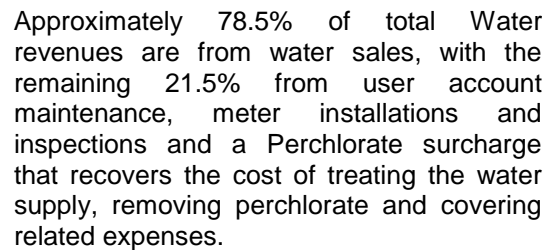


Tax increment revenues continue to increase annually. We project FY 2006/07 year-end tax increment revenues at \$25 million and FY 2007/08 tax increment revenues at \$45,872,757.

Redevelopment Housing Fund (327/328)

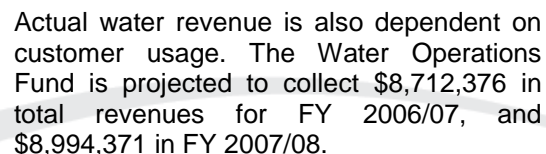
Redevelopment Housing Funds account for the 20% set-aside property tax increment that are required under State law to be used for housing programs. Set-aside revenues are 20% of the gross tax increment received by the Redevelopment Agency. Expenditures may be made from this fund only for the design, engineering, administration, construction and other costs associated with Redevelopment housing projects.

CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CAPITAL BUDGET



A study conducted in 2003 recommended that water rates increase by 10% to fully offset costs for water operations and capital expansion. The City Council approved the rate increase schedule and the new rates were phased in from 2003 through 2007. The final 2% of the ten percent increase was effective in January Of 2007.

Fiscal Year	Number of Employees
FY00/01	6.7
FY01/02	6.5
FY02/03	6.7
FY03/04	8.2
FY04/05	7.9
FY05/06	8.1
FY06/07	9.1



total revenues for FY 2006/07, and \$8,994,371 in FY 2007/08.

The Water Operations Fund receives revenues from user charges based on water usage. All expenditures for the operation of the water system, including maintenance and debt service, are charged to the Water Operations Fund.

Summary of Revenues & Transfers In

City of Morgan Hill Summary of Revenues & Transfers In	FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Current Budget	FY 06/07 Projected Year-End	FY 07/08 Proposed Budget
General Fund					
Property Taxes (Sec. & Unsecured)	2,522,105	2,920,435	3,096,961	3,010,000	3,976,892
VLF In-Lieu Property Tax	1,888,943	2,331,517	1,983,390	2,441,163	2,563,221
RDA Pass-Thru	318,966	325,598	397,954	368,621	251,066
ERAF III Shift Property Tax	(342,961)	(342,960)	-	-	-
Sales Tax	5,196,224	6,183,960	6,270,200	6,530,000	6,790,000
Transient Occupancy Taxes	956,327	1,029,837	1,102,100	1,102,100	1,135,163
Franchise (Refuse,Cable,PG&E)	995,298	1,025,412	1,039,752	1,090,501	1,120,753
Public Safety Sales Tax	241,635	250,426	275,184	260,443	268,256
Property Transfer Tax	469,761	496,473	437,750	511,367	526,708
Total Taxes	12,246,298	14,220,698	14,603,291	15,314,195	16,632,059
Business License	156,710	162,022	168,611	166,883	173,040
Other Permits	42,812	3,092	2,905	2,905	4,550
Total Licenses/Permits	199,522	165,114	171,516	169,788	177,590
Parking Enforcement	13,360	20,354	22,000	7,000	7,000
City Code Enforcement	70,166	123,771	70,000	95,000	132,000
Total Fines And Penalties	83,526	144,125	92,000	102,000	139,000
Motor Vehicle In-Lieu	812,983	251,669	193,640	215,000	225,000
Other Rev.-Other Agencies	245,250	459,628	309,348	250,306	269,928
Total Other Agencies	1,058,233	711,297	502,988	465,306	494,928
City Recreation Programs	5,899	14,628	92,000	70,908	78,783
CCC Classes & Programs	315,963	313,825	240,710	139,863	4,560
Aquatics Center	1,020,690	1,005,986	1,289,500	924,061	1,017,000
Centennial Recreation Center	-	-	1,165,759	1,281,936	2,289,191
Outdoor Sports Center	-	-	-	-	32,850
Gen Admin Overhd	-	1,791,377	1,897,936	1,897,936	1,987,792
Fire Fees	1,793,851	181,041	311,000	203,000	216,000
Other Charges For Current Services	303,029	276,735	243,115	259,010	323,992
Total Current Services	3,439,432	3,583,592	5,240,020	4,776,714	5,950,168
Interest Earnings	331,944	427,515	360,370	500,000	502,425
CCC/Gavilan Rent	396,658	418,900	478,500	466,949	471,200
Other Rentals	126,450	145,198	152,573	172,979	158,066
Miscellaneous	64,560	136,607	49,440	54,417	22,213
Total Other Revenue	919,612	1,128,221	1,040,883	1,194,345	1,153,904
Transfer From Park Maint	125,000	125,000	125,000	125,000	325,314
Transfer From Sewer/Water	40,000	61,200	63,036	63,036	64,927
Transfer From Public Safety	175,000	198,262	175,000	175,000	175,000
Transfer From Rec Ctrs.	-	72,713	188,900	188,900	50,000
Transfer From Other Funds	52,119	57,570	5,150	5,150	306,347
Total Transfers In	392,119	514,745	557,086	557,086	921,588
Total General Fund	18,338,742	20,467,790	22,207,784	22,579,434	25,469,237

Revenues & Transfers In (continued)

City of Morgan Hill Summary of Revenues & Transfers In		FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Current Budget	FY 06/07 Projected Year-End	FY 07/08 Proposed Budget
Special Revenue Funds						
	Gas Tax 2105-2107/Prop.111/FAU	736,723	672,574	736,100	684,300	704,750
	Transfers-In - Environmental Programs	100,000	100,000	150,000	150,000	155,000
	Transfers-In - Sewer	200,000	200,000	200,000	200,000	200,000
	Transfers-In - Water	400,000	400,000	400,000	400,000	400,000
	Transfers-In - Other Funds	-	-	-	-	-
	Interest Income	45,888	25,699	27,540	(4,806)	-
	Other Revenue	426,924	504,150	1,359,019	3,385,788	145,550
202	Street Fund	1,909,535	1,902,422	2,872,659	4,815,282	1,605,300
	Interest Income	8,844	7,929	5,800	5,179	3,005
	Police Grants	101,200	100,000	100,000	100,000	100,000
	Transfers In - General Fund	-	-	-	-	-
204(5)	Supplemental Law Enforcement Fund	110,044	107,929	105,800	105,179	103,005
	Planning	715,884	652,805	616,041	551,691	625,222
	Building	1,888,317	1,687,041	1,858,337	1,617,176	1,630,500
	Eng/Plan Checking & Inspection	1,179,744	753,639	807,046	1,395,080	580,650
	Other Revenue	63,130	85,172	107,870	95,090	96,465
	Transfers In	-	-	7,000	7,000	-
206	Community Development Fund	3,847,075	3,178,657	3,396,294	3,666,037	2,932,837
	Interest Income	8,205	14,510	23,030	17,448	30,186
	Other Charges Current Services	120,051	112,170	146,377	146,377	100,000
	Transfers In	21,000	120,000	120,000	91,796	109,949
207	General Plan Update Fund	149,256	246,681	289,407	255,621	240,135
210	Community Rec Centers Startup Fund	103,604	107,162	106,110	107,751	60,312
215	CDBG Fund	186,758	101,475	353,610	436,907	358,162
216	CDBG Revolving Loan Fund	22,399	4,817	10,000	6,790	11,184
220	Museum Rental Fund	-	-	-	-	-
225	Asset Seizure Fund	17,170	305	360	357	474
229	Lighting & Landscape Fund	136,039	150,161	151,928	152,324	152,743
232	Environmental Programs Fund	478,270	494,411	459,161	485,653	534,357
234	Mobile Home Park Rent Fund	10,006	11,684	12,180	6,241	2,354
235	Senior Housing Trust Fund	7,241	8,719	6,930	9,769	11,454
236	Housing Mitigation Fund	1,208,907	418,000	282,230	409,765	235,927
240	Employee Assistance Fund	35,588	28,354	38,360	26,597	5,252
247	Environment Remediation Fund	16,489	19,280	22,000	20,035	22,695
Total Special Revenue Funds		8,238,381	6,780,058	8,107,029	10,504,309	6,276,191

Revenues & Transfers In (continued)

City of Morgan Hill Summary of Revenues & Transfers In		FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Current Budget	FY 06/07 Projected Year-End	FY 07/08 Proposed Budget
Capital Project Funds						
301	Park Impact Fund	1,172,675	1,604,761	1,482,570	1,409,533	1,915,546
302	Park Maintenance Fund	645,367	406,774	667,588	1,251,901	405,502
303	Drainage Impact Fund	772,581	423,389	494,920	434,929	482,169
304	Drainage-Non AB1600 Fund	291,905	275,025	218,980	497,894	335,551
306	Open Space Fund	553,585	315,168	61,630	467,851	1,190,290
308	Street CIP					5,828,000
309	Traffic Impact Fund	1,094,318	1,762,541	1,108,800	1,291,100	3,769,920
311	Police Impact Fund	164,531	99,538	98,110	193,264	529,189
313	Fire Impact Fund	184,252	210,613	198,820	206,821	267,361
	Property Taxes & Supplemental Roll	18,900,227	20,219,472	20,623,665	20,623,665	16,940,428
	Interest Income/Rents Reserve	224,585	767,109	125,890	585,752	701,329
	Loan Proceeds	30,612	729,771	-	30,294	-
	Other Revenue/Charges for Current Services	1,399,488	1,188,874	-	3,824,065	28,231,000
317	RDA Fund	20,554,912	22,905,226	20,749,555	25,063,776	45,872,757
	Property Taxes & Supplemental Roll	4,725,057	5,054,868	4,534,300	4,534,300	4,670,329
	Interest Income/Rents	413,525	418,610	151,510	238,574	187,837
	Other Revenues	293,169	1,099,316	13,353	1,769,823	3,600,150
327(8)	RDA Housing Fund	5,431,751	6,572,794	4,699,163	6,542,697	8,458,316
340	MH Bus Ranch AD CIP Fund	514	-	-	-	-
342	MH Bus Ranch II AD CIP Fund	1,294	943	1,020	1,017	652
346	Public Facilities (Non AB1600)	7,068,240	415,111	561,640	213,024	134,776
347	Public Facilities Impact Fund	191,370	364,716	272,320	1,094,053	568,641
348	Library Impact Fund	84,403	200,145	179,900	146,061	348,406
350	Undergrounding Fund	203,094	56,502	75,680	171,184	64,794
360	Community Rec. Centers Impact Fund	64,624	113,234	77,490	66,020	117,848
370	Civic Center Construction				5,677,440	-
Total Capital Project Funds		38,479,416	35,726,481	30,948,186	44,728,565	70,289,718

Debt Service Funds						
420	Civic Center Debt				272,440	333,694
441	Police Facility Bond Debt Service	578,719	498,880	447,473	561,044	475,431
536	Encino Hills AD Fund	-	-	-	-	-
539	Mh Business Park AD Fund	-	-	-	-	-
542	Sutter Bussines Park AD Fund	-	-	-	-	-
545	Cochrane Business Park AD Fund	190,338	179,366	188,768	188,419	205,199
551	Joleen Way AD Fund	50,347	29,642	32,200	32,343	54,102
Total Debt Service Funds		819,404	707,888	668,441	1,054,245	1,068,426

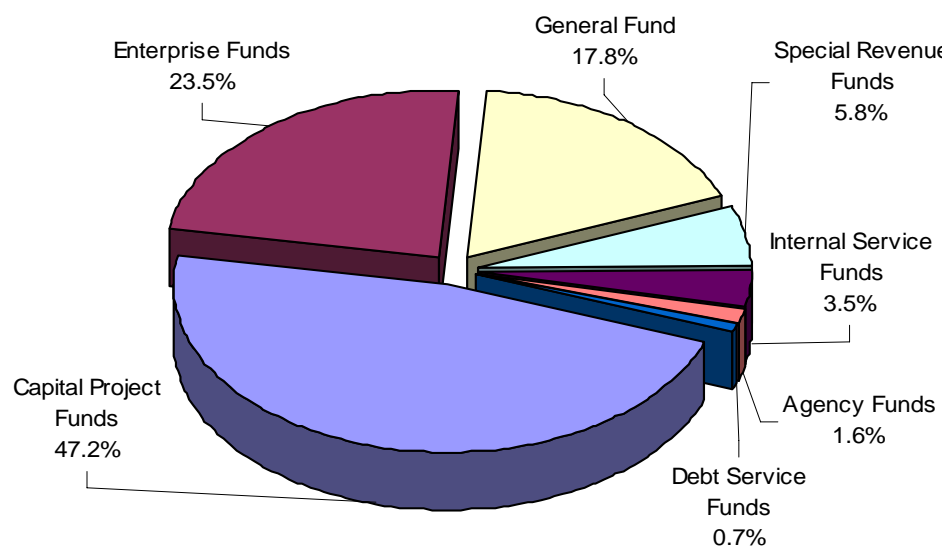
Revenues & Transfers In (continued)

City of Morgan Hill Summary of Revenues & Transfers In		FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Current Budget	FY 06/07 Projected Year-End	FY 07/08 Proposed Budget
Enterprise Funds						
	Interest Income	109,379	136,728	67,750	118,055	158,979
	Sewer Fees/Lift Station Charges	5,387,205	5,392,182	5,380,000	5,535,943	5,699,934
	Front Footage/Offsite	58,406	49,510	40,000	131,300	70,000
	Other Sewer/Transfers	12,318	25,632	1,513,268	1,513,011	2,017,428
640	Sewer Operations Fund	5,567,308	5,604,051	7,001,018	7,298,309	7,946,341
	Interest Income	188,991	235,295	162,880	266,137	93,208
	Impact Fees	1,959,796	2,566,407	1,756,500	1,640,906	2,769,100
	Other Revenue	792	792	-	594	15,048,634
641	Sewer Impact Fund	2,149,579	2,802,494	1,919,380	1,907,637	17,910,942
642	Sewer Rate Stabilization Fund	599,854	642,272	181,610	895,168	272,275
643	Sewer System Replacement Fund	66,361	49,457	53,150	42,805	36,694
	Combined Sewer Funds	8,383,102	9,098,275	9,155,158	10,143,919	26,166,252
	Interest Income	156,377	156,443	121,880	140,053	158,346
	Water Sales	6,051,946	6,396,726	6,511,718	6,849,770	7,055,263
	Perchlorate Surcharge	389,461	726,406	976,758	1,027,466	1,058,289
	Meter Install & Service Calls	160,782	136,222	111,500	103,268	162,800
	Account Setup & Delinquent Charges	162,842	139,931	168,863	174,123	178,788
	Transfers-In	615,591	230,488	264,180	230,666	243,517
	Other Water	214,851	177,630	126,045	187,030	137,369
650	Water Operations Fund	7,751,850	7,963,847	8,280,944	8,712,376	8,994,371
	Interest Income	240,916	221,607	48,790	89,437	52,921
	Impact Fees	479,752	508,281	381,400	340,884	716,100
	Other Revenue	5,219,835	-	-	5,819	4,467
651	Water Impact Fund	5,940,503	729,887	430,190	436,140	773,488
652	Water Rate Stabilization Fund	762	711,726	438,420	440,841	232,679
653	Water System Replacement Fund	2,503,942	119,223	23,670	61,501	1,633,326
	Combined Water Funds	16,197,057	9,524,683	9,173,224	9,650,857	11,633,864
Total Enterprise Funds		24,580,159	18,622,957	18,328,382	19,794,776	37,800,116

Revenues & Transfers In (continued)

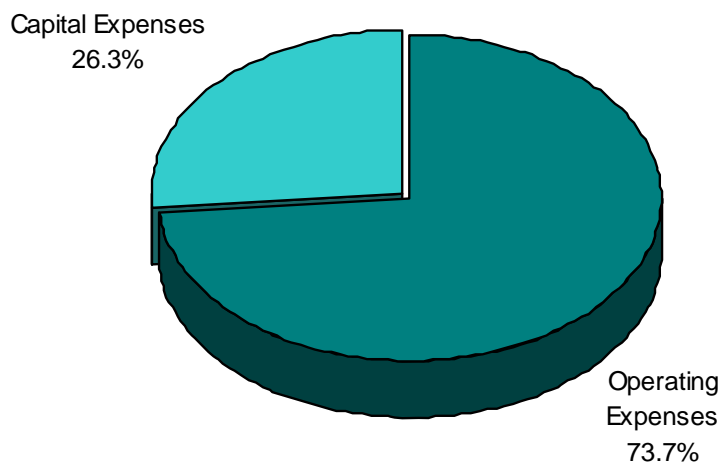
City of Morgan Hill Summary of Revenues & Transfers In	FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Current Budget	FY 06/07 Projected Year-End	FY 07/08 Proposed Budget
Internal Service Funds					
730 Information Systems Fund	305,505	260,057	311,041	238,592	489,140
740 Building Maintenance Fund	1,613,606	1,537,319	1,894,881	1,765,054	1,686,514
741 Building Replacement Fund	-	-	383,725	1,714,960	240,654
745 CIP Administration Fund	1,171,244	1,292,982	1,337,340	1,412,761	1,373,572
760 Unemployment Insurance Fund	30,305	58,306	48,674	49,748	4,760
770 Worker's Comp Fund	922,641	836,158	782,780	785,487	636,731
790 Equipment Replacement Fund	390,695	550,471	585,361	591,749	592,031
795 General Liab. Insurance Fund	452,394	535,255	458,652	573,315	607,720
Total Internal Service Funds	4,886,390	5,070,549	5,802,454	7,131,665	5,631,122
Agency Funds					
841 MH Business Ranch I AD Fund	547,543	2,587	-	-	-
842 MH Business Ranch II AD Fund	48,876	231	-	-	-
843 MH Business Ranch 1998 AD Fund	1,120,853	893,040	885,483	885,184	963,117
844 MH Ranch Reassessment 2004 Fund	760,338	874,517	609,286	588,037	643,156
845 Madrone BP (Tax Exempt) Fund	948,496	1,071,314	765,334	845,509	829,763
846 Madrone BP (Taxable) Fund	148,495	433,369	108,333	234,666	113,791
848 Tennant Ave Business Park AD Fund	40,203	16,375	19,520	19,388	25,264
881 Police Donation Trust Fund	615	673	750	781	980
Total Agency Funds	3,615,419	3,292,106	2,388,706	2,573,565	2,576,070
TOTAL ALL FUNDS	98,957,911	90,667,828	88,450,982	108,366,559	149,110,880

FY 2007/08 Total Expenditures



\$149,110,880

Operating vs. Capital Expenditures



\$149,110,880

FY 2007/08 General Fund Expenditures



Summary of Expenditures & Transfers Out

City of Morgan Hill Summary of Expenditures & Transfers Out	04/05 Actuals	05/06 Actuals	06/07 Current Budget	06/07 Projected Year-End	07/08 Adopted Budget
By Program					
City Council	227,858	202,727	196,335	209,848	232,745
Community Promotions	31,688	45,367	77,791	72,975	71,944
City Attorney	1,061,611	785,267	718,004	601,502	577,191
Transfers Out	187,000	110,000	117,000	224,258	244,386
City Manager	315,997	331,417	363,191	306,812	349,947
Recreation	310,796	311,517	497,595	503,835	759,473
Community & Cultural Center	1,036,466	1,155,012	1,144,890	1,076,055	810,570
Aquatics Center	1,426,151	1,356,989	1,508,120	1,374,537	1,366,126
Centennial Recreation Center	-	72,713	1,740,725	1,655,125	2,377,307
Outdoor Sports Center					67,693
Human Resources	488,770	466,130	509,798	487,833	535,625
Volunteer Program	50,936	-	-	-	-
City Clerk	263,609	255,989	288,015	274,893	288,432
Elections	86,165	70,749	166,715	93,847	44,902
Finance	895,496	942,628	997,219	984,948	1,076,139
PD Administration	662,807	794,742	783,579	807,999	677,357
PD Field Operations	4,033,725	4,638,060	4,739,991	4,948,542	5,399,757
PD Support Services	915,799	964,285	1,178,147	1,218,592	1,191,137
PD Emergency Services	16,327	49,207	97,271	50,187	102,751
PD Special Operations	1,345,157	1,373,007	1,606,097	1,543,927	1,779,229
Fire Services	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611
Cable Television	43,503	31,445	41,016	37,767	28,674
Communications & Marketing	66,193	176,732	151,925	78,306	149,971
Building Maintenance (CCC)	-	-	-	-	-
Park Maintenance	685,847	651,996	751,627	728,950	742,935
Animal Control	89,950	88,588	98,222	98,046	101,754
Dispatch Services	846,237	869,346	1,076,139	1,035,204	1,265,339
Total General Fund	19,282,569	20,105,273	23,428,787	22,968,393	25,109,995

By Department/Division					
City Council/Clerk	609,320	574,831	728,856	651,563	638,023
City Attorney	1,061,611	785,267	718,004	601,502	577,191
City Manager	382,190	508,149	515,116	385,118	499,918
Recreation	2,824,349	2,896,229	4,891,330	4,609,551	5,313,476
HR	539,705	466,130	509,798	487,833	535,625
Finance	895,496	942,628	997,219	984,948	1,076,139
Police	7,910,001	8,777,236	9,579,446	9,702,497	10,517,324
Fire	4,194,484	4,361,361	4,579,375	4,554,405	4,868,611
Cable TV	43,503	31,445	41,016	37,767	28,674
Park Maintenance	685,847	651,996	751,627	728,950	742,935
Transfers	187,000	110,000	117,000	224,258	244,386
Total General Fund	19,282,569	20,105,273	23,428,787	22,968,393	25,109,995

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CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET

Debt Service Funds						
420	Civic Center Debt				131,345	333,694
441	Police Facility Bond Debt Service	122,345	483,787	451,013	451,013	451,738
545	Cochrane Business Park AD Fund	192,842	196,520	182,194	182,735	182,386
551	Joleen Way AD Fund	39,482	36,328	32,244	32,687	29,766
Total Debt Service Funds		354,669	716,634	665,451	797,780	997,583

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CITY OF MUKGAW HILL • FY 2007/08 • OPERATING AND CIP BUDGET | CITY OF MUKGAW HILL • FY 2007/08 • OPERATING AND CIP BUDGET |

Total Transfers: \$21,835,361

Interfund Transfers FY 2007/08 (continued)

Description	CDBG Fund (215)	Environmental Fund (232)	Park Impact Fund (301)	Park Mtce Fund (302)	Drainage Imp Fund (303)	Traffic Fund (309)
GF - Police Services (205)						
GF - Police Services (317)						
GF - Police Facility Debt Service (441)						
Police Impact - Police Facility Debt Service (441)						
GF - Park Maintenance (302)				(276,655)		
GF - Centennial Rec Ctr Startup (210)						
GF - Outdoor Sports Ctr Startup (210)						
GF - Park Development/Growth (301)			(48,659)			
GF - Management of CDBG funds (215)	(15,000)					
GF - Share of Utility Billing & Dispatch (640 & 650)						
GF - Street Mtce Support (202)						
Street Ops -Mitigation of Street Damages (640)						
Street Ops -Mitigation of Street Damages (650)						
Street Ops -Mitigation of Street Damages (232)		(155,000)				
Set Aside for General Plan Update (various)			(7,195)	(10,000)	(7,196)	(14,391)
Development/Growth (641)						
GF -Development Growth (impact funds)					8,890	
Library Maintenance (740)						
Public Facilities - Debt Service (420)						
Library Impact Fd - Debt Service (420)						
Maintain Sewer Operations Reserve (640)						
Maintain Water Operations Reserve (650)						
Maintain Water Rate Stabilization Reserve (652)						
Maintain Water Facility Replacement Reserve (653)						
Joleen Way - Maintain Fund Balance					(20,000)	
TOTAL	(15,000)	(155,000)	(55,854)	(286,655)	(18,306)	(14,391)

Interfund Transfers FY 2007/08 (continued)

Description	PD Impact Fund (311)	Fire Impact Fund (313)	RDA Fund (317)	Public Facilities Fund (346)	Pub Fac Impact Fund (347)	Library Imp Fund (348)
GF - Police Services (205)						
GF - Police Services (317)			(291,347)			
GF - Police Facility Debt Service (441)						
Police Impact - Police Facility Debt Service (441)	(237,514)					
GF - Park Maintenance (302)						
GF - Centennial Rec Ctr Startup (210)						
GF - Outdoor Sports Ctr Startup (210)						
GF - Park Development/Growth (301)						
GF - Management of CDBG funds (215)						
GF - Share of Utility Billing & Dispatch (640 & 650)						
GF - Street Mtce Support (202)						
Street Ops -Mitigation of Street Damages (640)						
Street Ops -Mitigation of Street Damages (650)						
Street Ops -Mitigation of Street Damages (232)						
Set Aside for General Plan Update (various)						
Development/Growth (641)			(15,000,000)			
GF -Development Growth (impact funds)	6,933	1,205			1,871	
Library Maintenance (740)						(20,000)
Public Facilities - Debt Service (420)				(93,434)		
Library Impact Fd - Debt Service (420)						(240,260)
Maintain Sewer Operations Reserve (640)						
Maintain Water Operations Reserve (650)						
Maintain Water Rate Stabilization Reserve (652)						
Maintain Water Facility Replacement Reserve (653)						
Joleen Way - Maintain Fund Balance						
TOTAL	(230,581)	1,205	(15,291,347)	(93,434)	1,871	(260,260)

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Interfund Transfers FY 2007/08 (continued)

Description	Water Op Fund (650)	Water Imp Fund (651)	Wtr Rate Stabil Fund (652)	Wtr Sys Replace Fund (653)	Bldg Mtce Fund (740)
GF - Police Services (205)					
GF - Police Services (317)					
GF - Police Facility Debt Service (441)					
Police Impact - Police Facility Debt Service (441)					
GF - Park Maintenance (302)					
GF - Centennial Rec Ctr Startup (210)					
GF - Outdoor Sports Ctr Startup (210)					
GF - Park Development/Growth (301)					
GF - Management of CDBG funds (215)					
GF - Share of Utility Billing & Dispatch (640 & 650)	(21,218)				
GF - Street Mtce Support (202)					
Street Ops -Mitigation of Street Damages (640)					
Street Ops -Mitigation of Street Damages (650)	(400,000)				
Street Ops -Mitigation of Street Damages (232)					
Set Aside for General Plan Update (various)	(10,000)	(7,195)			
Development/Growth (641)					
GF -Development Growth (impact funds)		4,467			
Library Maintenance (740)					20,000
Public Facilities - Debt Service (420)					
Library Impact Fd - Debt Service (420)					
Maintain Sewer Operations Reserve (640)					
Maintain Water Operations Reserve (650)	243,518				
Maintain Water Rate Stabilization Reserve (652)	(172,771)		172,771		
Maintain Water Facility Replacement Reserve (653)	(1,581,646)			1,581,646	
Joleen Way - Maintain Fund Balance					
TOTAL	(1,942,117)	(2,728)	172,771	1,581,646	20,000

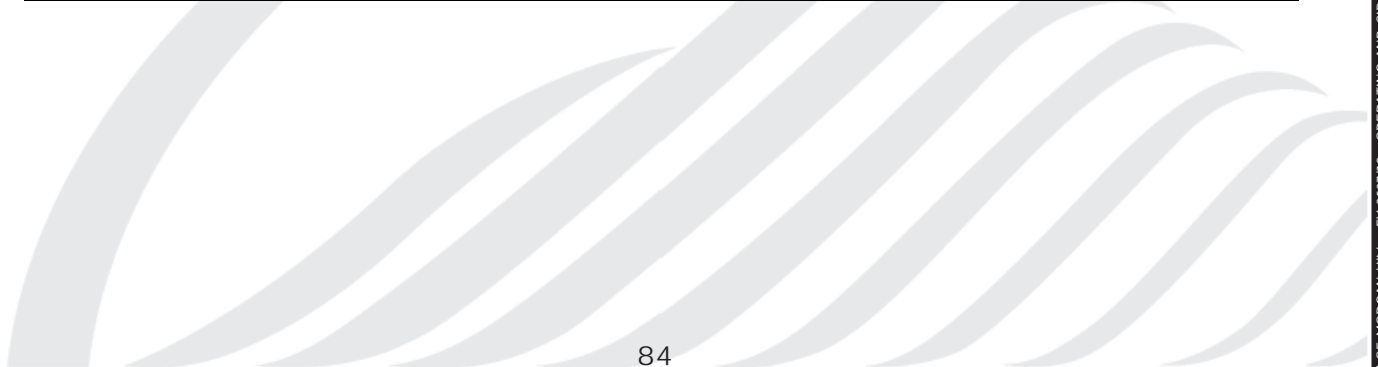
Total Transfers: \$21,835,361

CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET • CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CIP BUDGET

Internal service funds accumulate costs related to the services provided, and then the costs are allocated to the department receiving the goods and/or services based on the quantity of service received. Every few years, the Finance Department conducts a comprehensive analysis of current cost allocations. The most recent analysis was performed in FY 2005/06. The cost allocation schedule below reflects the charges to departments.

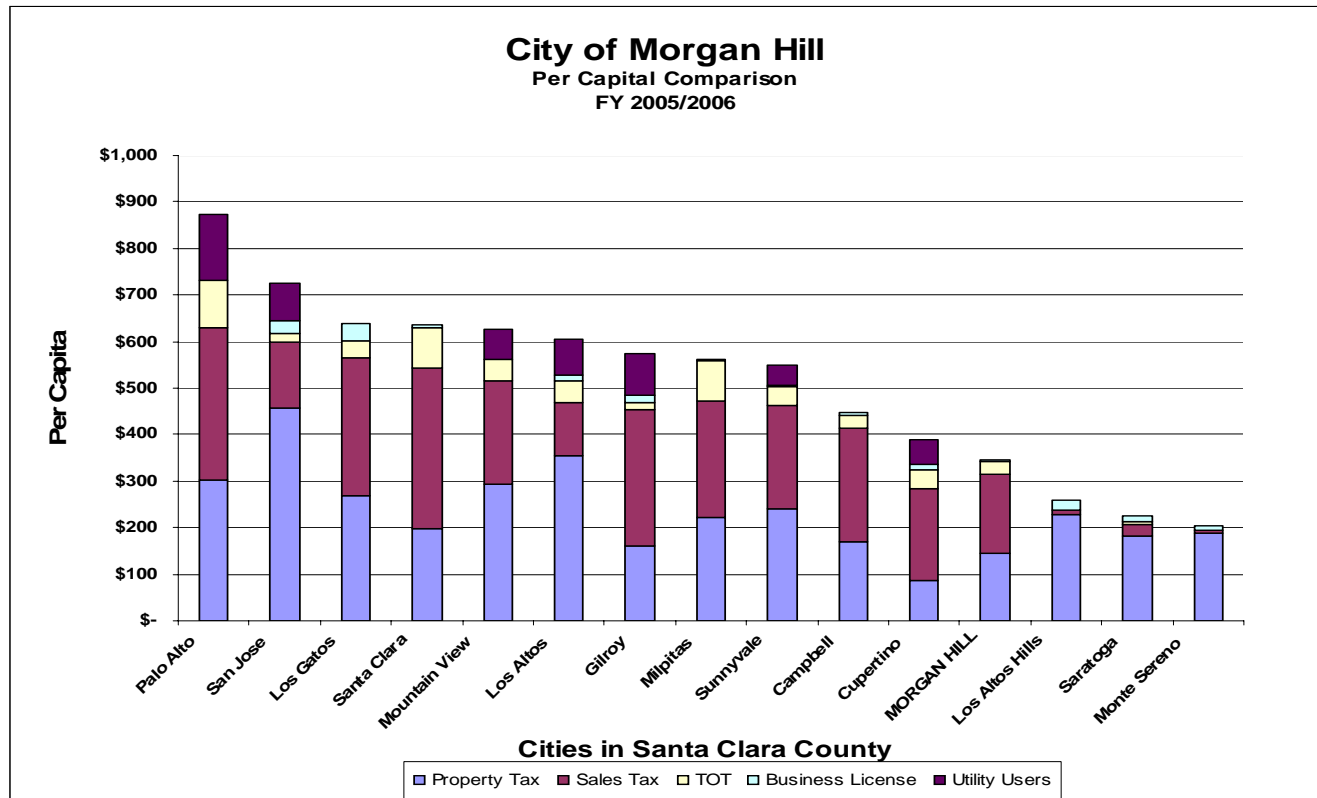
Charges To Departments	Liability Insurance	Building Maint	Building Replacement	Vehicle Replacement	Information Systems	GF Admin	TOTAL
City Council	1,955	39,126	3,608	-	3,245	-	47,934
Comm Promotions	31	-	-	-	-	-	31
City Attorney	623	10,237	944	-	3,895	-	15,699
City Manager	580	7,967	735	-	9,087	-	18,369
Recreation	1,807	2,364	218	-	3,245	-	7,634
Community Cultural Center	2,879	238,181	61,468	-	17,093	-	319,621
Aquatics Center	5,760	351,800	51,543	-	18,716	-	427,819
Centennial Recreation Center	4,771	346,508	45,000	-	45,329	-	441,608
Human Resources	994	19,788	1,825	-	7,789	-	30,396
City Clerk	760	13,617	1,256	-	15,578	-	31,211
Elections	99	-	-	-	-	-	99
Finance	2,469	37,140	3,425	-	22,718	-	65,752
PD Administration	2,808	-	-	-	-	-	2,808
PD Field Services	28,082	-	-	220,264	-	-	248,346
PD Support	5,616	257,835	35,304	-	109,697	-	408,452
PD Emergency Services	936	-	-	-	-	-	936
PD Special Operations	9,323	-	-	-	-	-	9,323
Cable TV	109	-	-	-	-	-	109
Communications & Marketing	249	-	-	-	3,245	-	3,494
Park Maintenance	7,313	9,343	345	-	-	-	17,001
Animal Control	936	-	-	-	-	-	936
Dispatch Services	9,361	-	-	-	-	-	9,361
Street Maintenance	57,063	28,505	1,051	42,597	5,193	110,920	245,330
Congestion Management	289	-	-	-	-	10,648	10,937
Street CIP	-	-	-	-	-	9,284	9,284
Suppl Law Enforcement	-	-	-	-	-	898	898
Planning	7,517	42,862	3,953	-	23,367	179,092	256,790
Building	7,267	27,566	2,542	-	26,613	103,522	167,510
Engineering	15,410	15,836	584	10,301	12,982	79,533	134,646
General Plan Update	144	-	-	-	-	9,726	9,870
Lighting & Landscape District	296	-	-	-	-	17,109	17,405
Solid Waste Management	683	1,891	174	-	3,245	24,939	30,933
Mobile Home Stabilization	-	-	-	-	-	593	593
Page Subtotal	176,130	1,450,566	213,975	273,162	331,037	546,265	2,991,135

CITY OF MORGAN HILL • FY 2007/08 • OPERATING AND CAPITAL BUDGET



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Comparison of Municipalities



City	Property Tax	Sales Tax	TOT	Business License	Utility Users	Total	Rank
Palo Alto	\$ 301	\$ 327	\$ 103	\$ -	\$ 141	\$ 872	1
San Jose	\$ 456	\$ 143	\$ 20	\$ 27	\$ 79	\$ 725	2
Los Gatos	\$ 268	\$ 299	\$ 35	\$ 36		\$ 638	3
Santa Clara	\$ 199	\$ 344	\$ 87	\$ 8		\$ 637	4
Mountain View	\$ 294	\$ 223	\$ 44	\$ 3	\$ 63	\$ 627	5
Los Altos	\$ 354	\$ 115	\$ 46	\$ 13	\$ 76	\$ 604	6
Gilroy	\$ 162	\$ 292	\$ 17	\$ 12	\$ 92	\$ 575	7
Milpitas	\$ 223	\$ 249	\$ 87	\$ 4		\$ 563	8
Sunnyvale	\$ 240	\$ 222	\$ 41	\$ 2	\$ 45	\$ 551	9
Campbell	\$ 170	\$ 243	\$ 29	\$ 5		\$ 448	10
Cupertino	\$ 87	\$ 198	\$ 38	\$ 12	\$ 52	\$ 388	11
Morgan Hill	\$ 144	\$ 170	\$ 28	\$ 4		\$ 346	12
Los Altos Hills	\$ 230	\$ 7		\$ 24		\$ 261	13
Saratoga	\$ 183	\$ 24	\$ 6	\$ 12		\$ 226	14
Monte Sereno	\$ 188	\$ 6	\$ -	\$ 11		\$ 205	15
CITY AVG.	\$ 212	\$ 119	\$ 26	\$ 33	\$ 373	\$ 259	